



Mine & Mill Engineering, Inc.

A Kerley Industries Company



File ACT/053/002
Copy to STW: Lowell

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January 2, 1986

RECEIVED

JAN 06 1986

DIVISION OF OIL
GAS & MINING

Pamela Grubaugh-Littig
State of Utah
Natural Resources, Oil, Gas & Mining
355 W. North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Dear Ms Grubaugh-Littig:

This letter is in response to your letter (0601R) regarding an annual report.

Kerley Industries has terminated its interest in the Silver Reef properties owned by 5M Inc.. Although plans and proposals were submitted for drilling and other exploratory development activities, no physical work was performed during 1985.

Sincerely,

Howard T. Urband, Chief Geologist
Mine & Mill Engineering, Inc.

HTU/etf